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Australia

Cotton and Products

Quarterly Update

2005

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Report Highlights:

Cotton production for 2005/06 is forecast at 580,000 MT, unchanged from the previous estimate and down 10 percent from the previous year's level. Post has assumed slightly above average yield in determining production for 2005/06, compared with record yields the previous year. A continuation of favorable weather could result in increased yields and production.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Quarterly Report
Canberra [AS1]
[AS]

SECTION ONE: SITUATION AND OUTLOOK

General

The Australian cotton crop is typically planted in October and November and harvested in the period March to May. The vast majority of the Australian cotton crop is grown under irrigation with a small proportion grown as dryland cotton. The overwhelming majority of the Australian crop is planted to biotech cotton.

Weather Conditions

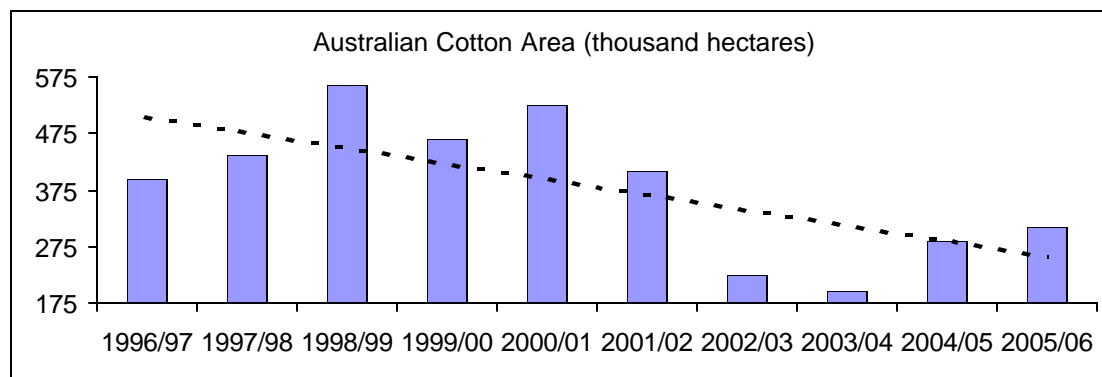
Weather conditions have continued to improve since Post's last report (AS5025). Above average rainfall in catchment areas has seen irrigation water allocations increased in key growing districts. Furthermore, above average rainfall in the growing areas have seen soil moisture levels continue to improve allowing for conservation of irrigation water.

Cooler conditions have seen many cotton growing regions running behind schedule with industry sources suggesting the crop could be up to two weeks behind normal planting.

Production

Australia cotton production is forecast at 580,000 MT for 2005/06, unchanged from Post's previous report but down on the figure for the previous year. As anticipated, ABARE recently revised its 2005/06 forecast upward to 545,000 MT.

Post has forecast cotton area for 2005/06 at 320,000 hectares, unchanged from the last report. ABARE has area forecast at 308,000 hectares, up from their previous forecast of 285,000 hectares. The Australian cotton industry is expected to issue a 2005/06 crop forecast later in December. Historical data shows forecast planted area at well below the 10 year average despite the forecast increase.

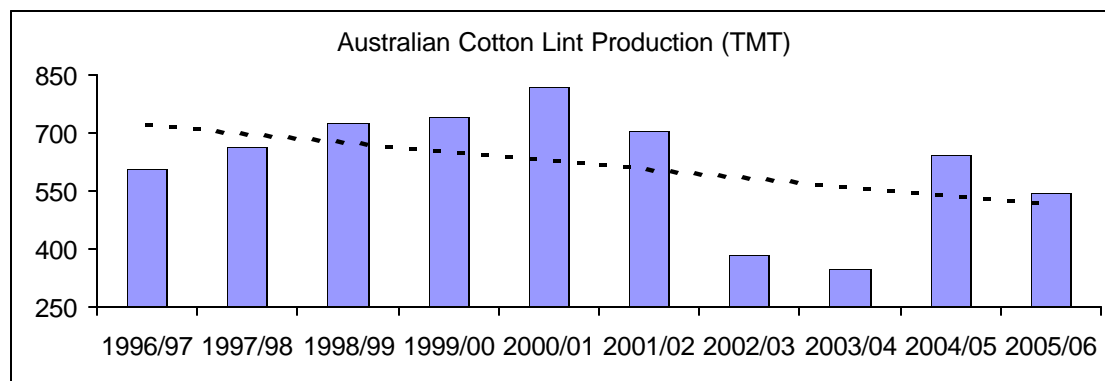


Source: ABARE data (July-June)

Post has assumed slightly above average yield in determining cotton lint production for 2005/06. However, a continuation of above average climatic conditions would likely see yield increase, which would in turn increase forecast production. Furthermore, recent rainfall may have increased planted area although this remains unclear at this stage.

Estimated production for 2004/05 has been revised upwards slightly to 645,000 MT, in line with ABARE's recently published number. This number remains slightly below the 10 year average despite being sharply higher than the drought-affected crop of the previous year.

Well-timed rainfall contributed to ideal growing conditions for the 2004/05 crop resulting in record yields as the potential of the biotech crop was realized.



Source: ABARE data (July-June)

Exports

Exports for 2005/06 are forecast at 590,000 MT, up on the revised estimate for the previous year and unchanged from Post's previous forecast. This forecast relies on production for 2005/06 remaining at the forecast level. Any future increase in forecast production would likely lead to an upward revision of forecast exports.

Exports for 2004/05 have been revised downwards to 435,119 MT. Recently published trade data for the full year shows exports at levels below that previously anticipated by Post. Leading export destinations included Indonesia (30 percent); China (19 percent) and Thailand (16 percent). Ending stocks have been adjusted in line with reduced export levels.

SECTION TWO: STATISTICAL TABLES

PSD Table Cotton							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Planted	0	0	0	0	0	0	(HECTARES)
Area Harvested	196000	198000	316000	321000	300000	320000	(HECTARES)
Beginning Stocks	283262	313527	194648	196216	404100	408589	(MT)
Production	370135	350000	609634	645000	522544	580000	(MT)
Imports	0	109	435	276	0	200	(MT)
MY Imp. from U.S.	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	653397	663636	804717	841492	926644	988789	(MT)
Exports	469636	469636	413680	435119	571532	590000	(MT)
USE Dom. Consumption	16329	25000	14152	25000	13064	25000	(MT)
Loss Dom. Consumption	-27216	-27216	-27216	-27216	-27216	-27216	(MT)
TOTAL Dom. Consumption	-10887	-2216	-13064	-2216	-14152	-2216	(MT)
Ending Stocks	194648	196216	404100	408589	369264	401005	(MT)
TOTAL DISTRIBUTION	653397	663636	804716	841492	926644	988789	(MT)

Recent reports from FAS Canberra

Report Number	Report Title	Date
AS5025	Cotton Quarterly Update	09/01/05
AS5012	Cotton and Products Annual	05/04/05